GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:4628
ANSWERED ON:30.03.2017
Shipping Industry
Puttaraju Shri C.S.;Siddeshwara Shri Gowdar Mallikarjunappa

Will the Minister of SHIPPING be pleased to state:

(a) the present status of the domesticshipping industry in the country
(b) whether the current fiscal policyand the absence of a level playing field haveaffected the growth of domestic shippingindustry and if so, the reaction of theGovernment thereto;
(c) whether the Government proposesto encourage domestic shipping industryby allowing it to raise foreign currency/loans/bonds through various financialinstitutions and if so, the details thereof;
(d) whether the Government hasreceived any representation from theshipping industry regarding relaxation intariff rules in order to provide them withlevel playing field vis-Ã -vis Governmentowned ports in the country;
(e) if so, the details thereof along withthe reaction of the Government thereto;and
(f) the other steps taken/being takenby the Government to revive the shipping/shipbuilding industry in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING
(SHRI PON. RADHAKRISHNAN)

(a) Presently Indian shipping industry carries 7.45% of India's EXIM trade and about 70% of coastal cargo. India's fleet strength has increased by approximately 10% in the last 2 years and Indian tonnage as on 28.02.2017 is 11.49 million GT.

(b)Yes, Madam. Union Government has taken several initiatives to provide level playing field and stream-line the tax structure.

(c)Reserve Bank of India has specified a Negative list for use of External Commercial Borrowing (ECB). ECB can be raised for any purpose other than those items listed in the Negative list.

(d)&(e):The Indian Private Ports and Terminals Association (IPPTA) has represented for migration of operators covered under the Tarrif guidelines of 2005 to Tariff Guidelines of 2013. The Ministry of Shipping after obtaining a legal opinion from the Attorney General of India (AG) has filed an Affidavit in the Hon'ble Delhi High Court on the representation of IPPTA, which attempts to address reasonable grievances of IPPTA.
(f)Government has taken number of steps to revive shipping/ship-building industry namely:-

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(i) Government has notified inclusion of stand-alone shipyards undertaking activities such as shipbuilding and ship-repair under the Harmonized List of Infrastructure sectors.

(ii) Government has approved Shipbuilding Financial Assistance policy for Indian shipyards.
(iii) Revision of domestic eligibility criteria has been approved to ensure that all the Government departments or CPSUs procure vessels for governmental purposes or for own purposes.
(iv) Indian Shipping industry has been provided cargo support in the form of right of first refusal.
(v) Exempted Customs and Central Excise duty leviable on bunker fuels used in Indian flag vessels carrying a mix of EXIM, empty and domestic containers between two ports in India.
(vi) Government has brought parity in the tax regime of Indian seafarers employed on Indian flag ships vis-Ã -vis those on foreign flag ships.
(vii) The Government has allowed shipping enterprises based in India to acquire ships abroad and also flag them in the country of their convenience.
(viii) Reduction of Central Excise duty on capital goods, raw materials and spares used for repair of ocean going vessels
(ix) Government has allowed 100% FDI in the shipping sector.

(x) Zero rating of services of transportation of export cargo by Indian ships.
(xi) Reduction of service tax incidence on coastal shipping.
(xii) Acquisition of all type of ships, through import has been brought under the Open General Licence (OGL).
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